

*H. Sloper Dec. 6. 1889*

PARTIAL OBSERVATIONS

ON THE MODE OF

LEVYING THE DISTILLERY DUTIES,

AS RECOMMENDED BY

SIR JOHN DALRYMPLE, BART.

IN AN

Address to the Landholders of England,

WITH A

P R O P O S A L

For better securing the Interests of the Landholder, the Distiller, and the Revenue, than can be expected from adopting that Mode.

Illustrated with an Account of the Quantities of Corn-Spirits charged with Duty in England and Scotland, and the Amount of the Duties from Midsummer 1749 to Midsummer 1783, distinguishing each year, with several other States from Accounts laid before the Honourable House of Commons.

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## IMPARTIAL OBSERVATIONS, &c.

**T**HE interests of the Distillery have, for some time past, engrossed a very considerable share of the public attention in Scotland.

The subject, undoubtedly, merits serious consideration, whether we view the distillery as a branch of revenue, as connected with agriculture and domestic industry in general, or as enabling us to supply the home consumption of spiritous liquors with little assistance from foreign nations.

But that attention to facts, that coolness and impartial regard for the general interests of the community, which ought to cha-

characterise public deliberations, does not appear to have distinguished the meetings held for the discussion of this subject.

Checked in the commission of frauds by the operation of certain regulations in the present distillery law, the distillers complained loudly of the oppression of the revenue officers. They boldly asserted, that the fall in the price of barley was solely owing to their being forced to discontinue or diminish the extent of their business \*.

At the same time, the amount of the revenue, though charged at a reduced rate, instead of falling, was found to rise : Corn spirits were every where met with in abundance, and continued to be as freely consumed as ever ; and the price of good whole-

\* See Grievances relating to Distilleries, and Proposals for redressing the same with advantage to the Revenue ; by a general meeting of Distillers held at Edinburgh, published in the newspapers 5th March 1785.





wholesome barley had not fallen in a greater proportion than that of other kinds of grain.

The farmers, however, readily assented to the justice of the complaints, and to the truth of the assertions made by the distillers. They met and deliberated, like statesmen, on the means of averting the ruin which the suppression of abuses in the distillery was certainly to bring on the country.

The landed interest, to whom the wisdom of the legislature has intrusted the guardianship of the revenue of excise, by constituting the justices of the peace judges in all disputes between the trader and the revenue officer, took part with the farmers and distillers; and, at one of their meetings, went so far as to request administration to authorise the Board of Excise to mitigate the execution of the distillery laws; in other words, to tolerate *smuggling*.

*gling* \*. The result of their deliberations was a proposal for levying the distillery duties by a licence-tax proportioned to the capacity of the still. This idea has been submitted to the public at some length in an address by Sir John Dalrymple to the Landholders of England. How far the adoption of this measure will remedy the evils arising from the present mode of charging the duty on home made spirits, shall be the business of the following pages to investigate; and, at the same time, to propose a method that appears more adequate to the purpose.

In the course of this address, Sir John Dalrymple has, with his usual judgment and ingenuity, made a variety of observations on revenue matters that well deserve the most serious consideration of the landholders

\* See the Resolutions of a respectable general meeting of the freeholders, held at Edinburgh 11th January 1786, published in the Edinburgh newspapers at that time.

holders and parliament of Great Britain ; and has pointed out, with great propriety, the advantages that would result from the distillery, if put under a proper system of regulation.

Before entering more particularly into the proposed inquiry, we shall take a short view of the former and present modes of charging the distillery duties, that the reader may be the better able to judge of the propriety of the alteration proposed in the address, and of that method which we are to submit to his consideration.

From the 25th of March 1706, till 1st November 1784, the duty on home made spirits was charged by an impost on low wines or spirits of the first extraction, and on spirits of the second extraction. But, as the quantity of low wines and spirits chargeable with that impost, was to be ascertained by taking an account of the wash

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or fermented wort, the tax properly considered has been an impost on the wash.

In the corn distillery, for example, by the 4th of Anne, for every 20 gallons of wash taken account of by the excise-officers, the distiller was charged with the duty of five gallons of low wines and three gallons of spirits. The duty on three gallons of spirits and five gallons of low wines, was, therefore, in reality the duty on 20 gallons of wash, which, in the years 1782, 1783, and 1784, amounted to 9s. 11d. equal to a duty of  $5\frac{1}{2}\frac{2}{3}$ d. per gallon on wash in Scotland, and to 12s. 10d. or  $7\frac{1}{2}\frac{4}{5}$ d. per gallon in England, chargeable likewise with the duties of L. 15 *per cent.*

Since 1st November 1784, the duty is not, as formerly, a nominal impost on low wines and spirits, but is stated as a tax on wash simply, and reduced to 5d. per gallon; while the mode of charging it continues the same.

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The distillers of Scotland never complained of the mode of charging the duties, till the present act began to operate in preventing their abuses, by obliging them to fill their wash stills three-fourths full at every operation, and requiring them to work it off in 20 hours; and by allowing them to send out with permit only a certain quantity of spirits of a known strength, in proportion to the quantity of wash distilled.

The annexed account of the quantity of spirits charged with duty in England and Scotland from Midsummer 1749 to Midsummer 1783, is a convincing proof, that frauds were committed in both parts of the kingdom to an enormous extent, before the commencement of the present act of parliament respecting the distillery; since there is no reason to imagine that the consumption of home made spirits has decreased, at least in Scotland.

It is no wonder, then, that Baron Sir John Dalrymple found the distiller and revenue officer in a '*state of hostility.*' The duty of the latter required him to check the abuses of the former, and the *ideal interest* of the former tempted him to commit frauds, in which he was but too successful; and the distillery came into that '*forced state,*' particularly in England, which the author of the address very justly remarks.

But this unnatural state, into which the distillery has been forced, is by no means the effect of the mode of charging the duty on the wash, or the consequence of the '*discretionary powers*' vested in the revenue officer, nor to his '*surveying 17 times in one day.*'

That circumstance ought to be attributed to smuggling, to which improper rates of taxation never fail to give rise, and  
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which restrictions too often promote ; unless this effect is counteracted by the spirited and steady execution of the powers vested in the revenue officer.

Nothing, in my opinion, can be more fair or equitable, than charging the duty on home made spirits, by an impost on the wash made use of by the distiller. By this mode, every individual engaged in that trade, is charged with the duty in the nearest possible proportion to the extent of his business ; since, by the present law, the distiller is left at the most perfect liberty, as he ought to be, to work as frequently, or as seldom as he pleases\*.

But, though the present mode of charging the distillery duties seems unexceptionable, and

\* Among many of the unwarrantable assertions made by the distillers, even this liberty was denied.—See the grievances referred to in note first.

and the regulations above mentioned are well calculated to enable the revenue officer to prevent frauds; yet there are other clauses in the present distillery bill, which do not merit much approbation.

In sect. 14. the distiller is forbid to send out raw or unrectified spirits, above the strength of one to ten over proof, and rectifiers above the strength of one in ten under proof.

The consequence of this is, that distillers and rectifiers, thus obliged to reduce their spirits with water, not only have the expence of carriage increased, but incur an unnecessary expence for casks. Thus a Scotch distiller, who has a commission for 100 gallons of rectified spirits from London, instead of sending a hogthead or 63 gallons of spirits 50 *per cent.* over proof, nearly equal to the quantity demanded, must actually ship 100 gallons.

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The advantage, which this regulation gives the London distiller in the London market, is obvious.

The check which this regulation opposes to frauds, would have been equally well attained, by expressing in the certificate or permit the quality of the spirits, and the quantity of standard proof spirits they are equal to on being reduced.

In sect. 16. For every 100 gallons of raw spirits received by the rectifier, of the strength of one to ten over proof, he is allowed credit, and may send out 140 gallons of rectified spirits, one in ten under proof. Now, as the reduction of an 100 gallons of spirits one to ten over proof, to the strength of one in ten under proof, requires only about twenty gallons of water, one would naturally conclude, that the allowance to the rectifier and compounder, of forty instead of twenty of increase, for every 100 gallons rectified, was owing to  
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the circumstance of its being actually increased in that proportion by rectification\*, from which he would be led to infer, that, if the third distillation of spirits increases the quantity in this ratio, a fourth, and so on, will have the same effect; so that a rectifier, by running the same 100 gallons of spirits through his still every day, may sell daily twenty gallons of spirits, without diminishing his stock; and that the rectifiers, by thus constantly treating a certain quantity spirits, might supply the whole consumption, without having recourse to the distillers.

Fortunately, however, for the distillers, the farmers, and the landed interest, this is by no means the case; on the contrary, there is always some small loss of quantity in consequence of rectifying spirits.

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\* An hundred gallons of spirits one to ten over proof, is equal to an hundred and twenty-one gallons one in ten under proof nearly.

This clause, therefore, seems intended to promote the abuses of the distillers, by enabling the rectifier to secure, to a certain extent, the spirits fraudulently obtained by the distiller.

There are some other regulations in this act, such as locking, fastening, and sealing, &c. the heads of stills, to prevent their being used without the knowledge of the officer; which ten or twelve years experience has demonstrated to be of no benefit to the revenue.

The same may be said of the clause, restricting the size of wash stills to 400 gallons content, and that of low-wines and rectifying stills to 100 gallons capacity.

Restrictions similar to those that have long fettered the carriage of wool, but which never prevented its illicit exportation, have been adopted in the conveyance of spirits, and must prove a considerable restraint

restraint on the their circulation through the country.

Preventing dealers in home made spirits from purchasing from one another, is a restriction to which no other class of traders is subjected. This may be of advantage to a few very wealthy distillers, whose capitals enable them to credit retailers, but may, we apprehend, prove rather prejudicial to the general interests of the distillery business.

British, like foreign spirits, when seized and condemned, must be staved or destroyed.

But as, whatever is destroyed is a real loss to the community, this clause tends to punish the society more than the guilty individual; for, in proportion to the quantity destroyed, the demand for spirits from the distiller will be increased, while consumption remains the same.

This



This regulation, however, by depriving the revenue officer of the most powerful stimulus to seize contraband goods, viz. his own interest arising from the profit he receives on their sale, has prevented, and must prevent him from discharging that very essential part of his duty; and of course promote abuses.

From this short and imperfect view of the distillery law, let us turn our eyes to that plan, which is to produce so many beneficial effects, and which, (it is said), 'Scotland to a man has approved of,' viz. charging the duty by a licence tax, in proportion to the capacity of the stills used by different traders.

This tax, it is presumed, will greatly increase the revenue.

Sir John Dalrymple proposes to charge it at L. 3 per gallon on the capacity of the still; and he says there are used at present

in Britain 345,000 gallons content of stills; from thence the tax will produce L. 1,035,000 *per ann.* which is twice as much as the distillery duties ever amounted to on an average of five or six years.

In Scotland, the amount of the stills is upwards of 89,000 gallons content, exclusive of that of stills in the Highlands; by this hypothesis, therefore, the tax will amount to above L. 267,000 *per ann.* a sum greater than the nett produce of all the duties of excise in Scotland taken together; and of which the payment will *greatly relieve the distressed distillers.*

Such an immense increase of revenue gives rise to suspicion, that the data upon which the calculations are founded are erroneous.

The reader will observe, that between 1750 and 1757, the distillery duties were so moderate, particularly in Scotland, as to  
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give but little temptation to the commission of frauds. Yet the quantity of spirits charged with duty in any one of these years seldom exceeded 500,000 gallons.

Let us suppose this quantity equal to what is consumed annually in Scotland at present, and deduct the consumption of the Highlands, estimated at 100,000 gallons *per ann.* only, there will remain for the consumption of that part of the country to be subjected to the proposed mode of taxation 400,000 gallons.

In order, however, to state as fairly as possible, from the materials before us, the consumption, we shall admit the existence of frauds prior to 1757, that the consumption of corn spirits is increased since that time, and allow 500,000 gallons of corn spirits of one to ten over proof, necessary to supply the annual consumption of that part of Scotland to be subjected to the proposed mode of taxation.

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The present distillery law presumes 20 gallons of spirits, 1 to 10 over proof, to be produced from 100 gallons corn wash, so that 500,000 gallons of this strength supposes the distillation of 2,500,000 gallons of corn wash.

The present distillery law requires the distiller to fill his wash still three-fourths full at any operation, and to work it off in 20 hours; a wash still, therefore, filled in the proportion of three to four, may be worked 300 times in one year; so that 11,110 gallons content of stills may be sufficient to take off 2,500,000 gallons of wash in the same period.

The present law requires distillers occupying wash stills of 400 gallons capacity, to be possessed of a rectifying still of 100 gallons content; we, therefore, presume, 2777 gallons content of rectifying stills sufficient to the rectification of the produce of 2,500,000 gallons of wash; so that

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13,887 gallons content of stills are, by this calculation, adequate to the supplying the consumption of Scotland with 500,000 gallons of spirits *per annum*.

If we estimate the consumption of the whole kingdom, the Highlands of Scotland excepted, at 8,000,000 gallons of corn spirits *per ann.* which is more than was ever charged with duty in any one year since 1749, by the above calculation 222,222 gallons content of stills will be only necessary to supply it.

The produce of a tax on the capacity of the utensils used in any branch of manufacture, ought to be calculated on the smallest possible quantity, with which the persons employed in carrying on the manufacture can supply the quantity demanded; for, in the course of two or three years at most, that quantity alone will be made use of.

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We do not pretend the above calculation to be just; but have not the least doubt it will be found much nearer the truth than that in the Address.

If the quantity of spirits stated above is more than the consumption requires, if more than 20 gallons of spirits can be produced from 100 gallons of wash; if stills can, with propriety, be filled more than three fourths full at a charge, if they can be wrought off more frequently than 300 times in a year; if, in consequence of farther improvements, it shall be found practicable to bring a pure spirit at once from the wash, and, it is said, this has actually been proposed to a Scottish distiller, by an ingenious foreigner; if any, or all of these things are true, or possible, then the above calculation is erroneous; and the quantity of stills will be less than we have stated it.

One circumstance may convince us that Sir John Dalrymple's state of the produce  
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of this tax is erroneous, which is, that some of the distillers have agreed to pay L. 2 10s. per gallon on the content of their stills; which, according to his data, would, in Scotland, amount to L. 222,500. This they never would have done, if they had the smallest idea it was to increase the amount of the revenue.

Another circumstance seems to give grounds for suspicion, that the capacity of stills we have stated as sufficient to enable the distillers to supply the consumption of corn spirits is, that it is mentioned in the Address as a fact, that some of the Highland distillers have, in less than four months, used all the grain the law allowed them to consume, in consequence of their taking out a licence.

Now, as the Highland distillery act allows the occupier of a 40 gallon still to consume 250 bolls, or 1500 bushels of malt, as a compensation for a L. 40 licence tax;

tax ; and as it presumes he is to produce from that quantity of malt 1660 gallons of spirits, by allowing him credit for this quantity ; it follows, if an occupier of a 40 gallon still can, in the course of four months, actually produce 1660 gallons of marketable spirits, he may, in a year, nearly produce 5,000 gallons ; so that 4,000 gallons content of stills are sufficient for the production of 500,000 gallons of spirits.

It may be objected to this reasoning, that if such a moderate capacity of stills as we have stated, is sufficient for the preparation of the corn spirits annually consumed in Scotland, or in the whole kingdom, the Highlands excepted, how comes it that 345,000 gallons capacity of stills are actually occupied ?

To this we answer, that, in England, all the corn spirits are compounded ; so that an extra quantity of stills is therefore necessary ;



cessary; and the law obliging every rectifier or compounder to be possessed of a still or stills, containing 100 gallons, may force numbers of them to have in their possession a greater capacity of stills than they have occasion for.

Besides these reasons, it should be remembered, that, for some years past, the Scottish distillers, to the great mortification of their brethren in London, have supplied a small proportion of the English consumption.

Now, as we cannot imagine the English distillers would, on this account, break down their stills, and purchase others of smaller size, the capacity of stills in England will be more than what the extent of the distillery requires; and this circumstance has likewise raised the content of stills in Scotland above what its present consumption renders necessary.

In Scotland, too, a great number of the distillers have utensils of much larger size than they have occasion for, as the law obliges every distiller, except those in the Highlands, to be possessed of 500 gallons content of stills; add to this, that the 345,000 gallons capacity of stills stated by Sir John Dalrymple, as occupied at present in Britain, are, in all probability, composed, not only of those employed in the corn distillery, but also of those used in the molasses, wine, and cyder distilleries.

Having thus, at some length, investigated the propriety of the calculations relative to the produce of this new tax, and found no reason to believe it will increase the revenue, we shall inquire how far it will tend to prevent abuses, which is one of its supposed advantages. This we are inclined to question, as no system of taxation seems to have been discovered in which frauds were not practicable, when the rate of impost

post gives sufficient temptation to their commission.

If this tax shall fall heavier than the present distillery duties, the private or clandestine distillery, which the prohibition in 1757 gave rise to in Scotland, and which the severest laws, the most prudent regulations of the Scottish board of excise, the most vigorous exertions of the revenue officer, was never able to suppress, will receive fresh encouragement, and may be extended over the whole kingdom\*.

Let us, however, admit the possibility of suppressing the private, there is reason to apprehend that the Highland distillery may overleap its boundaries.

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\* It appears from the first report of the committee of the House of Commons, appointed to inquire into the illicit practices used in defrauding the revenue, that the private distillery was carried on to a considerable extent in England about the year 1783:

In the Highlands, a person occupying a 40 gallon still, on paying L. 40 for a licence to work it for one year, is allowed to consume 250 bolls of malt, or 1500 bushels, free of duty, from which he is permitted to produce 1660 gallons of spirits, exempted from duty likewise.

A distiller occupying utensils of a similar capacity under the proposed system of taxation, must pay for a licence L. 120 *per ann.*; and, supposing he consumes 250 bolls, or 1500 bushels of malt, must pay L. 49 : 4 : 4 $\frac{1}{2}$  of malt duty, in all L. 169 : 4 : 4 $\frac{1}{2}$ .

In consequence of the difference of duty paid by the Highland distiller, and one in any other part of the country, it is easy to see that the produce of the Highland distillery will come infinitely cheaper to market; so that the temptation to smuggle it into these parts of the country where the full duties are paid will be so great, that

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no vigilance of the revenue officers will be able to prevent abuses of that kind \*.

We shall admit, however, that neither the private nor Highland distillery will interfere with the proposed licenced distillery, and that the commission of frauds in it is impracticable.

This very circumstance, instead of an advantage, ought to be considered by the distillers, farmers, and landed interest as an objection, since it is a fact of the greatest notoriety, that, for half a century past, it has been almost the constant and uniform practice of administration, whenever the exigences of the state required an increase of revenue, to raise

\* If we suppose 300 stills of 40 gallons content set up in the Highlands, no less than 498,000 gallons of spirits may be made there annually, under the advantages specified above. A quantity nearly equal to what was ever charged with duty in Scotland in the course of one year.

raise the rate of impost on articles charged with duty, instead of looking out for new objects of taxation.

It is said, too, to have sometimes happened, that one class of traders have had sufficient influence to procure the imposition of additional duties on those productions of industry, whose use or consumption interfered with that of their own.

If the consumption of home made spirits was taxed in a manner that could not be evaded, there is reason to apprehend, that the rate of impost might be so much increased, either in consequence of the errors of administration, or in consequence of the influence of the brewers, the importers of foreign spirits, or the wine merchants, as to put it out of the power of the great body of consumers to purchase home made spirits\*.

Another

\* It is said the corn distillery was prohibited in

Another objection to the proposed mode of taxation arises from its being unequal, and, consequently oppressive; for it is evident those distillers only will reap a full equivalent for the tax, who are able to ascertain the precise extent of the business they are to carry on, during the currency of the year, and who accommodate the capacity of their utensils to that extent.

Let us suppose, for example, two distillers occupying each a still of 100 gallons content, that one of them makes, in the course of the year, twice as much spirits as the other, the spirits he makes will be charged

1757, and loaded with a high duty in the year 1760, from the influence of the West India merchants, who had about that time advanced a considerable share of a loan made to government. This appears the more probable, as a higher duty was then laid on corn than on plantation spirits. The Edinburgh brewers, if we recollect right, were the first who petitioned parliament to prohibit the corn distillery in the year 1782-3.

charged with half the duty to which those of the other are subjected, since each of them will pay L. 300 *per ann.* for a licence.

This circumstance must give great advantages to distillers already engaged in business over those who may afterwards commence the distillery trade. It will be beneficial to those whose situation affords them a ready and extensive market in their neighbourhood, or whose capitals enable them to send their spirits to a more distant place of sale.

A third objection is, that as licence taxes are always paid per advance, the proposed tax will be prejudicial to distillers in general, and particularly to the middle and inferior classes, by depriving them not only of a part of their capital, which they might otherwise have employed in extending their trade, but by depriving them likewise of the credit which the possession of that capital would have procured them.

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For the same reason, if a distiller should fail during the currency of his licence, his creditors will lose; if he should die, his family may suffer; if he should be prevented from carrying on his business for a week or a month, by the destruction of his grain, the repairing of his utensils, by the dread of an incensed *mob*, or from any other contingency, he himself must be a loser\*.

4th *objection*. There is no commodity that varies more in price from year to year than grain. When grain is cheap, it is good, because it is cheap only in favourable seasons. When it is dear, it is bad, because it is dear in unfavourable seasons.

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\* It is curious to remark the difference in the style of language used by the Scottish distillers about the month of June 1784, when a licentious populace threatened to destroy their work-houses and utensils, and since they have received the support of the landed interest and yeomanry.

When the price of grain, therefore, is low, corn spirits will be cheap, and then consumption may be extensive. On the contrary, when grain is dear, the price of corn spirits will be high, both on account of the price, and on account of the inferior quality of the grain. In this case, the consumption will be diminished, not only on account of the advanced price of spirits, but on account of the advanced expence of living in general \*.

But, though the consumption of corn spirits should vary ever so much from year to year, the quantum of the tax must remain the same, so long as the same capacity of utensils is kept up.

It may be considered as a fifth objection, that the promoters of this measure propose to connect more closely the business of the distiller

\* See an account of the fiars of barley in the annexed state.

distiller with that of the farmer, by obliging every distiller to occupy a certain quantity of land. When we consider the advantages that have resulted to the community, from the separation of trades, this regulation seems highly impolitical. The brewer is of infinitely greater importance to the interests of agriculture than the distiller, both as a consumer of grain, and as producing food for cattle ; yet no one surely would think it proper to force him to be at the same time a farmer.

There is reason to suspect that, if a regulation of this kind was adopted, the landed interest might take advantage of the necessity of the distillers, and oblige them to pay an exorbitant rent for their farms : This would not surely be a benefit to the distillery in general. Besides, it has been stated in objection 3d, that a distiller cannot receive a full compensation for his licence-tax, unless he carries on business to the full extent the capacity of his utensils

files will admit. In this state of things, the business of the farmer and distiller will be rather incompatible; because, if proper attention is paid to the distillery, the farm may be neglected; and, if the farm is duly attended, the distillery may be neglected.

Many other objections to the plan recommended in Sir John Dalrymple's address will occur to the reader; it is sufficient for us to have hinted the above.

The consumption of grain, and the feeding of cattle in the distillery, are considered in the address, as being of immense importance to the landed interest: But, from the following remarks, it would seem that these advantages have been greatly overrated.

From the information received by a committee of the House of Commons, appointed in 1783 to inquire into the propriety



propriety of prohibiting the corn distillery, it is said it appeared, that there was not so much grain made use of in the distillery in a year as would supply the consumption of the country for three days.

In the petition of the London distillers to the House of Commons in 1783, the greatest consumption of the corn distillery is stated 500,000 quarters, or 4,000,000 bushels of grain.

This was mentioned in the year 1760, as the quantity of grain annually consumed in the distillery, when the propriety of continuing or taking off the prohibition of the corn distillery was under consideration of the House of Commons.

There is no reason to suppose that the friends of the corn distillery would, in 1760, under-rate the benefit resulting from it to the landed interest; nor that the London distillers would do so in 1783.

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We may therefore safely conclude, that 4,000,000 bushels of grain are fully sufficient for the production of the corn spirits annually consumed in Britain, the Highlands of Scotland excepted \*.

The demand for this quantity of grain is certainly of considerable benefit to agriculture ; but this benefit is trifling, when compared with that it derives from the brewery.

In the statements submitted to the House of Commons by Lord North in 1780, when his Lordship proposed laying an additional duty on malt, the quantity of malt annually made for home consumption is estimated at 27,000,000 bushels; and though, for obvious

\* If the consumption of corn spirits in Britain is estimated at 8,000,000 gallons, the consumption of 4,000,000 bushels of grain, in the production of that quantity, supposes one bushel of grain to yield two gallons of spirits.

ous reasons, the malt amounts have fallen in some years since that period, yet we may safely conclude that quantity as the average consumption \*.

If we suppose all the grain used in the corn distillery malted, there will remain for the public and private brewery 23,000,000 bushels : But, as there are reasons for believing that little more than a third of the grain consumed in the distillery is malted, we shall be nearer the truth, if we state the consumption of the brewery at 25,000,000 bushels, which supposes one half of the grain used in the distillery to be malted.

The importance, therefore, of the distillery to the farmer and landholder, when compared with that of the brewery, is as 4 to 25 ; for the grains obtained from the

\* The average consumption of malt in Britain is probably considerably above the quantity we have stated, as some allowance should be made for the frauds committed in the malting business.

the brewery are equally fit for the feeding of cattle, as those resulting from the corn distillery.

The distiller, indeed, may feed a few more, in consequence of the burnt ale or dregs.

How far the use of burnt ale is proper for fattening cattle, we do not pretend to ascertain: But there is not the smallest doubt that the distillery fed beef or pork is such, that few landholders either in England or Scotland would chuse to eat;—its want of firmness, its colour, taste, and the effect that roasting or boiling has upon it, all conspire to render its consumption a matter of necessity, not of choice.

One advantage that the corn distillery has over the brewery, arises from this circumstance, that it may be carried on in the country, with as much advantage perhaps to the distiller as in the town; because  
spirits



spirits being less bulky and heavy, in proportion to their value than ale, they may be carried from one place to another, at a proportionably smaller expence.

The benefit that agriculture receives from the distillery, when carried on in the country, arises from its bringing the market for grain nearer to the farmer; and, in consequence of the cattle it feeds, enables him to procure manure free of the expence of carriage, as Sir John Dalrymple has very justly remarked.

The consumption of spirits is, besides, much better adapted to a country thinly inhabited than that of ale, not only on account of the moderate expence of its carriage from one place to another, but because it may be divided into the smallest quantities, tumbled from cask to cask, and kept for any length of time, without the smallest injury.

Beer or ale, however, is a much more wholesome and enervating beverage than spirits : The brewery, therefore, is better entitled to the protection of the legislature than the distillery ; and, as it consumes a much greater quantity of grain, it better deserves the patronage of the landed interest.

The distillery, however, for the reasons mentioned above, ought not to be denied that share of protection and patronage which it merits. In vain has the legislature attempted to discourage the consumption of home made spirits, by subjecting the produce of the distillery to exorbitant rates of taxation ; in vain has it attempted, by a system of restraint and regulation, to prevent the abuses which these improper rates have given rise to.

It should, therefore, be the object of the landed interest, and Parliament of Britain, to put the distillery under such a system of taxation and regulation as may  
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at once produce a permanent revenue to the state, by preventing abuses, relieve the distillers from any just cause of complaint against the oppression of the revenue officers, and the public at large, from all the pernicious consequences of smuggling.

These are the sole objects of the plan for rating and charging the distillery duties we are now to suggest. How far it may be calculated to promote these effects, it would be presumption in us to determine ; but the intention with which it is submitted to the public consideration ought to secure it from that severity of censure, which speculations of this kind too frequently deserve.

The produce of the corn distillery duties, at a medium of five or six years, may be estimated at L. 500,000 *per annum* ; this we conceive to be as much as it ought in justice to be loaded with.

The

The grain consumed in the public brewery was, in 1780, estimated at 14,500,000 bushels, as may be inferred from the calculations of the allowances to brewers, to be drawn out of the additional duty then imposed on malt.

The annual average amount of the ale duty may be rated at L. 1,700,000. If we suppose 4,000,000 bushels of grain consumed in the corn distillery, a revenue of L. 500,000 *per annum* will bear nearly the same proportion to the value of the grain consumed in it, as the produce of the excise on beer and ale does to the grain consumed in the public brewery\*.

We have stated above, the annual consumption of corn spirits in the whole kingdom, the Highlands of Scotland excepted, at 8,000,000 gallons produced from  
40,000,000

\* The produce of the duties on beer and ale for the five years ending Midsummer 1783, is stated in Appendix, No. 17. to the report already referred to, at above L. 8,800,000.



40,000,000 gallons of wash; a duty, therefore, of 3 d. per gallon on wash will produce L. 500,000 *per annum*.

This rate would lessen the temptation to commit frauds, and might possibly encourage the distillers to make their wash of a quality somewhat inferior to what they do at present, from which, as Sir John Dalrymple observes, the quality of the spirits will be improved.

When the many evils arising from smuggling are duly considered, it will be found highly political to remove, as far as the interests of revenue will admit, every temptation to the illicit practices\*.

For

\* The limits of this work prevent our entering more particularly into the prejudicial effects of smuggling, and the means of preventing it. On a future occasion, however, we may lay before the public some observations on that important subject.

For the more effectually removing the temptation to fraudulent practices, therefore, after repealing all the laws relating to the corn distillery, we would humbly propose, that the distillery duties should be charged, levied, and collected, at the same rates, and in the same manner, as the duties on beer and ale ; for, in so far as the preparation and fermentation of worts are concerned, the distillery and the brewery are the same trade.

That no notice should be taken of the subsequent processes of distilling the wash, or rectifying the spirits, but that the trader should be left at liberty to use any size of utensils above 40 or 50 gallons capacity.

By this means the revenue officer will have only one single object to attend to, and the one that best deserves his regard ; by this means the distiller will be freed from the numberless restraints to which he is at present subjected.

These

These are not the only advantages that would result from the proposed mode of taxing the consumption of home made spirits.

The brewery and distillery are so far the very same trade ; they may, without the smallest impropriety, be carried on by the same person.

It has been already remarked, that the distillery is better calculated for a thinly inhabited country, than the brewery.

In situations, where the extent of the market is not sufficient to support a public brewery, a person, who at the same time makes ale and spirits, may find sufficient encouragement ; he might supply his nearer neighbours with ale and spirits, and his more distant customers with spirits only.

By this means, the private brewery, which, in Scotland, and we believe in most  
parts

parts of England, is carried on from necessity more than from choice, or from oeconomical motives, would be discouraged, without any improper interference of the legislature: The public brewery would be extended, and the revenue considerably increased.

With a view to tax somewhat higher the consumption of spirits than that of ale, it might be adviseable to lay an impost of two shillings per gallon upon all stills used for making, rectifying, or compounding British spirits. This moderate tax would not be oppressive; nor would much pains be taken to evade it; and, as it would be sufficiently high to prevent traders from occupying stills of a capacity much above what the extent of their business rendered necessary, its amount would point out the extent of the distillery at any particular period.

If, as we have supposed, 222,222 gallons content of stills sufficient for supplying



ing the home consumption of the country, this tax would yield a revenue of about L. 22,000 *per annum* ; it might be payable in equal portions, every month or six weeks, along with the duty on the wort, to prevent the ill effects of advancing it.

It is an opinion that prevails universally in Scotland, that spirits made from malted, are much better than from raw or unmalted grain. The present high duties on this article have introduced the use of a great proportion of unmalted grain in the distillery ; a practice which has, at the same time, debased the quality of corn spirits, and materially affected the amount of the malt duty.

This proportion of unmalted grain, is said to be two thirds, so that about 1,333,333 bushels only, of the grain consumed in the distillery, are charged with the malt duty,

G

which,

which, at the English rate, will amount to L. 87,500 \*.

In order to encourage the use of malted grain in the distillery, it might be proper to give some allowance or drawback, (as is given to the brewers,) out of the malt duty, either in proportion to the quantity of wort charged by the revenue officer, or in proportion to the quantity of malt actually consumed.

This allowance should be given to those distillers only, who use nothing but malted grain.

The allowance made to the brewers is supposed nearly equal to the malt additional 1780.

If, in consequence of a similar allowance to distillers, they were induced to make use of

\* In a pamphlet entitled, The case of the Scottish distillers, this proportion is mentioned.

of malted grain only, the amount of duty on the malt would be increased, perhaps not less than L. 70,000 *per annum* \*.

For the prevention of abuses, we would recommend, that the penalties to which their commission subjects the distiller should be proportioned to the capacity of the utensils, both because the injury the revenue receives from the frauds committed by different traders, is nearly in that proportion, and because it would tend to render collusion more difficult to the higher class of traders, to whom its benefits are the greatest, and who are best able to corrupt the officer.

It

\* If, in consequence of the high duties only 1,333,333 bushels of malt are consumed in the distillery, which produce L. 87,500 of malt duty; and, if, in consequence of an allowance or drawback, equivalent to the additional duty 1780, 4,000,000 bushels should be consumed, the duty, after deducting *six pence per bushel* of allowance, will amount to L. 162,500 *per annum*.

It may be laid down as a principle, that smuggling is a cause of still greater smuggling; for, when a certain number of traders, by the successful commission of abuses, are enabled to undersell those engaged in the same business, they force them either out of the trade altogether, or to become equally fraudulent, in order to support a competition with them in the market.

The monopoly which the traders in London have obtained in the distillery business, seems to be the consequence of their being better able to commit abuses, than their brethren in the country.

In Scotland, the extent of the private and Ferrintosh distilleries, at the same time that it rendered frauds in the public distillery necessary to support its existence, made it necessary also for the Scottish distillers to seek out a more extensive market for their spirits, than their own country afforded;



ed; which, since 1780, they have found in London.

The private distillery may still be able to afford spirits somewhat cheaper than the public, though the mode of taxation above suggested should be adopted. In order to prevent its coming into competition with the public distillery, it would be highly proper to subject the proprietors of houses, in which illegal stills or utensils for distillation, are found, to the payment of a fine not less than *twenty* shillings sterling, in cases where the occupiers of such stills, or utensils, cannot be discovered, or are unable to pay the sum; as an encouragement for the officer to discharge his duty.

It would be adviseable too, to make similar alterations in the rates of impost on spirits from Melasses; for, we apprehend, the frauds in this branch are greater than those committed in the corn distillery.

During

During the time that the corn distillery was prohibited, the quantity of melasses spirits charged in England amounted to 1,500,000 gallons *per annum*. There is no reason to imagine, that there is a smaller quantity of melasses imported, or produced, in the refining of sugar since the year 1760, than before that time; and yet the quantity of melasses spirits charged with duty, in the years ending 5th July 1781, 1782, and 1783, does not, on an average, amount to more than 16,000 gallons *per annum*.

Although it would be proper to give some preference to the corn distillery, by charging melasses with a higher duty; yet, as taxes cannot operate as political engines, unless they are productive, the surest way of rendering the tax on the melasses distillery efficient, is to reduce the duty so low, as to give the smallest possible temptation to frauds.

The

The melasses distillery may, however, be taxed higher than the corn distillery, by laying a duty upon melasses, to be charged at the sugar-house, or on importation.

It is by dividing the payments of the duty among different persons, and consequently dividing the temptation to abuses, that the consumption of any commodity can be taxed at a high rate.

In opposition to this idea, it has often been proposed to lay an additional duty on malt, that would raise a sum equal to the produce of the duties on beer and ale, and to free the brewers from the payment of any tax. But, when we consider the great temptation such an increase of duty would give to fraudulent practices in the malting business, there is reason to imagine, that no restraints, no regulations, would enable the revenue officer to obtain a just account of the quantity upon which the duty was to be charged.

Moderate

Moderate taxes may be *collected*; but high rates of impost, we apprehend, must be *purchased* at an expence that renders their produce of little benefit to the revenue.

With regard to the cyder, and wine distilleries, it is perhaps sufficient, that the materials are charged with a very heavy duty, when made or imported; and the tax we have above proposed to lay on the capacity of the utensils, may be sufficient, till such time as its produce shews, that the extent of these distilleries will render a tax upon their produce worth collecting: And, as to the exportation of home made spirits, we see no reason why the bounty might not, as in every other case, be allowed to the exporter, on a certificate of the spirits being found of the strength required by law, and of their having been charged with the duties, without having any regard to the manner or size of utensils, in which they had been distilled.

These



These are the outlines of the plan, from which we apprehend the advantages we have mentioned would result, if it was adopted by way of experiment for three or four years. Its object will, we presume, meet with the approbation of the present Chancellor of the Exchequer, whose good sense and extended views, have already induced him to make such reductions in the rates of duty, on a variety of exciseable commodities, as do honour to his administration. It may meet the wishes of the landed interest, and the farmer; but we doubt not, that it will be reprobated by the *few wealthy distillers*, to whom the present high duties, restraints, and regulations, have procured a monopoly; and who regard, perhaps, neither the interests of the revenue, of agriculture, nor the general prosperity of the nation.'

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From

These are the outlines of the plan, from which we apprehend the advantages we have mentioned would result, if it was adopted by way of experiment for three or four years. Its object will, we presume, meet with the approbation of the present Chancellor of the Exchequer, whose good sense and extended views have already induced him to make such reductions in the rates of duty, on a variety of exportable commodities, as do honour to his administration. It may meet the wishes of the landed interest, and the farmer, but we doubt not that it will be repudiated by the few wealthy squires, to whom the present high duties, restrictions, and regulations, have procured a monopoly; and who regard, perhaps, neither the interests of the revenue, of agriculture, nor the general prosperity of the nation.

AN ACCOUNT of the Quantities of Spirits charged with Duty in the Corn Distillery of England and Scotland, with the Amount of Duty on Low-wines and Spirits, and Rate of Impost as it would have fallen on the Wash, if charged as at present, from Mid-summer 1749 to Mid-summer 1783.

YEARS ending at Mid- summer.	Firs of best Bar- ley per boll at Edin. for crop consumed.	Rate of duty as it would have fallen on the wash						Gallons of Spirits charged with duty.		Amount of duty on low wines and spirits.
		In England.			In Scotland.			In England.	In Scotland.	
	L. s. d.	L. s. d.	L. s. d.	L. s. d.	L. s. d.	L. s. d.	L. s. d.			L.
1750	0 10 6	0 0 $1\frac{1}{8}$	0 0 $1\frac{1}{8}$	0 0 $1\frac{1}{8}$	0 0 $1\frac{1}{8}$	0 0 $1\frac{1}{8}$	0 0 $1\frac{1}{8}$	6,366,252	50,883	322,499
1751	0 10 7	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	6,776,357	97,134	343,765
1752	0 13 0	0 0 $2\frac{1}{8}$	0 0 $2\frac{1}{8}$	0 0 $2\frac{1}{8}$	0 0 0	0 0 0	0 0 0	147,034	43,038	22,945
1753	0 13 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	4,066,759		316,309
1754	0 14 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	4,599,618	38,221	373,361
1755	0 10 5	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	4,740,645	67,819	382,318
1756	0 11 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	4,418,855	8,714	355,874
1757	0 16 8	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	4,436,084	3,111	357,614
1758	0 14 9	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	3,140,093	3,300	252,714
1759	0 10 6	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	863	7,919	1,173
1760	0 10 5	0 0 $6\frac{1}{8}$	0 0 $6\frac{1}{8}$	0 0 $6\frac{1}{8}$	0 0 $4\frac{1}{8}$	0 0 $4\frac{1}{8}$	0 0 $4\frac{1}{8}$	5,400		158
1761	0 10 3	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	770,208	4,546	136,624
1762	0 10 6	0 0 7	0 0 7	0 0 7	0 0 $5\frac{1}{8}$	0 0 $5\frac{1}{8}$	0 0 $5\frac{1}{8}$	2,714,119	8,035	481,022
1763	0 14 3	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1,251,719	8,833	403,180
1764	0 13 6	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	921,150	8,553	
1765	0 13 9	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1,997,744	0,759	393,069
1766	0 16 6	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1,970,827	2,537	387,646
1767	0 18 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1,982,865	4,307	390,357
1768	0 18 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	2,245,130	5,259	441,505







FROM the most superficial glance of the preceeding account, the reader will perceive the progress of frauds in the distillery, he will be at no loss in discovering the cause, when he remarks the effect of the different additional duties on low-wines and spirits, as represented by the rate of impost on wash; he will be the more inclined to attribute the fall in the quantity of spirits charged with duty to the increase of smuggling consequent on the increase of the rate of impost, when he observes that the additional duty imposed in 1751-2, which extended to spirits made in England only, affected only the English amounts; he will not be inclined to bestow much praise on the regulations made in 1772 and 1774, relating to locking and sealing the heads of stills, and their legal size; when he can see no alteration in the amounts after that period, that may not be accounted for, from the effects of good or bad seasons, pointed out by the rate of the fiars.

It

It may be considered as an intentional omission, that no notice is taken of the quantity of spirits sent from Scotland to England, which the London distillers asserted was greater than that charged with duty in Scotland.

Assertions are easily made, and too frequently credited; and it must be owned, that neither the English nor Scottish distillers have been sparing of them for some years past.

The distillers of London supported their *truly modest and public spirited* demand of a monopoly of the distillery business, by asserting that they paid  $\frac{1}{3}$ ths of the produce of the distillery duties in 1783; and consequently inferred, that they alone deserved the protection and encouragement of the legislature. Yet, in one of the accounts from which the above is copied, it appears that from 1749 to 1782, the produce of the country was greater than that of the London distillery.

Upon

Upon the same grounds, we might affirm, that little more than half the malt made in England in the year ending midsummer 1783, had been charged with duty; and that the English commissioners of excise had failed in discharging the duties of the very important office they occupied; because, in that year, the quantity of malt charged with duty amounted to about 17,000,000 bushels; whereas the annual average of the three preceding years was 29,000,000 bushels and upwards.

The failure of crop 1782 will account for the fall of the malt amount 1783, if the circumstances mentioned in objection 4th are considered. This will likewise account for the almost total suppression of the country distillery of England in 1783; if to it we add the co-operation of certain advantages enjoyed by the London distillers.

As to the assertion of the London distillers, respecting the spirits sent from Scotland

land to England, the following account must convince us, that they have been tempted to make it, from the motives that have influenced their conduct with respect to this country for these three years past, a supreme degree of selfishness, and a mean jealousy of the rivalship of the Scottish distillers.

	Gallons of spirits.
Amount of the public distillery of Scotland, from 5th July 1773, to 5th July 1778.	236,448
Ditto of the Ferrintosh distillery	383,355
	<hr/>
Total	619,803
Deduct sent to England in same period	8,035
Remaining for the home con- sumption	611,768
Annual average consumption	122,355 $\frac{2}{5}$
	Amount



Gallons of  
spirits.

Amount of the public distillery  
of Scotland, from 5th July  
1778, to 5th July 1783 1,047,268

Ditto of Ferrintosh distillery in  
same period 503,576

---

Total 1,550,844

Deduct sent to England in same  
period 499,093

Remaining for home consump-  
tion 1,051,751

Annual average consumption  $210,350\frac{1}{3}$

( 64 )

Callons of  
Spine

Amount of the public difficulty  
of Scotland, from 25th July  
1783 to 25th July 1783  
Bills of Exchange difficulty in  
same period

1,270,840



Total

1,270,840

Remaining for home currency

1,270,840

Annual value of currency

1,270,840